



## COUNCIL MINUTES

July 8, 2008

The City Council of the City of Mesa met in a Study Session in the lower level meeting room of the Council Chambers, 57 East 1st Street, on July 8, 2008 at 5:01 p.m.

### COUNCIL PRESENT

Mayor Scott Smith  
Alex Finter  
Dina Higgins  
Kyle Jones  
Dennis Kavanaugh  
Dave Richins  
Scott Somers

### COUNCIL ABSENT

None

### OFFICERS PRESENT

Christopher Brady  
Debbie Spinner  
Linda Crocker

#### 1. Review items on the agenda for the July 8, 2008 Regular Council meeting.

All of the items on the agenda were reviewed among Council and staff and the following was noted:

Conflicts of interest declared: None

Items removed from the consent agenda: None

Items added to the consent agenda: 4c, 6d

Items deleted from the consent agenda: None

#### 2. Hear an update and discuss the 2008 Arizona Legislative Session.

Government Relations Director Scott Butler provided the Council with an update of the 2008 Arizona Legislative Session, with an emphasis on legislation impacting the City of Mesa. He stated that in the coming weeks, the Council would receive a comprehensive report outlining the various bills that were considered during the legislative session.

Mr. Butler displayed a PowerPoint presentation (A copy is available for review in the City Clerk's Office) and stated that on June 27, 2008, the 48<sup>th</sup> Arizona Legislature adjourned. He reported that the session, which lasted 166 days, was the fourth longest in the State's history. Mr. Butler

explained that there were no cuts to State Shared Revenue and noted that the pre-budgeted amount of \$717 million remained in the final budget. He also advised that \$10 million in State Shared Revenue was reimbursed to cities and towns that had been diverted by the Legislature in FY 2004. Mr. Butler briefly highlighted the FY 2008/09 State Shared Revenue estimates for the City of Mesa as follows: State Income Tax - \$ 65.9 million; State Sales Tax - \$40.5 million; and Local Transportation Assistance Fund (LTAF I) - \$2.0 million.

Mr. Butler further indicated that although the Legislature did not cut State Shared Revenue, language was included in the adopted budget that requires cities and towns to deposit \$29,748,400 in the State's General Fund (Mesa's share is \$1.7 million). He explained that a possible reason for this action is the fact that Proposition 108 protects State Shared Revenue and requires a two-thirds vote of the Legislature to divert money from the fund. Mr. Butler commented that Mesa's only discretionary revenue source from which to obtain the \$1.7 million is the City's General Fund. He also stated that issues have been raised regarding the legal ability of the Legislature to require "Charter cities" to allocate General Fund revenue and added that City staff and representatives of the Arizona League of Cities and Towns are investigating the matter.

Discussion ensued relative to the fact that \$85 million in the Highway User Revenue Fund (HURF) has been diverted to fund the Department of Public Safety, resulting in a \$2.6 million impact to the City of Mesa; and that the entire Local Transportation Assistance Fund (LTAF II) was "swept" and diverted to the State's General Fund (\$632,000 impact to Mesa).

Transportation Director Mike James reported that on May 15, 2008, the previous Council directed staff to move forward with a two-tiered approach relative to the uncertainty of LTAF II funding for the FY 2008/09 transit budget. He explained that if monies were available, the City would fund the Gilbert Road bus route (Route 136) with weekday and Saturday service for the fiscal year. Mr. James noted, however, that if LTAF II funding were not available, such service would be eliminated. He explained that as a result of the Legislature's action in this regard, it is necessary for staff to conduct a public meeting to announce the elimination of the route, finalize the summary of public comments, and notify the Regional Public Transportation Authority (RPTA) to eliminate the route and implement a 30-day notification period.

In response to a question from Mayor Smith, Mr. James advised that Route 136 is the only route funded by the City of Mesa that can be individually eliminated due to the fact it is not impacted by Title VI, a Federal law relating to low income and/or minority populations.

City Manager Christopher Brady commented that it is important to note that the elimination of Route 136 was not an isolated decision and advised that staff made "several adjustments" to the transit budget before the item was considered.

Mayor Smith clarified that staff's decision in May was based on the information available to them at that time and was made as part of the FY 2008/09 budget. He said that this Council is merely finalizing that scenario.

Mr. Brady clarified that it is not necessary for the Council to adjust the adopted budget, but rather there are a series of administrative processes that staff must implement in order to eliminate Route 136. He noted, however, that in July 2009, Proposition 400 monies would begin to fund the bus route.

Councilmember Kavanaugh suggested that as an alternative solution, the Council might wish to consider utilizing contingency funds in the City's budget to maintain service of Route 136 for FY 2008/09. He stated that the bus route serves an important business area in the community and also connects to and from the Town of Gilbert. Councilmember Kavanaugh added that when a route is eliminated, it is often difficult to reestablish ridership at a later time.

Mr. Brady stated that in order to prevent the Council from discussing an issue that has not been properly agendaized, he would recommend that the Council, if they so choose, explore the issue regarding Route 136 at a future Council subcommittee meeting. He commented that currently, staff is concerned relative to the timing of the various administrative processes associated with the elimination of the bus route.

Mayor Smith stated that in a sense, the Council has taken action relative to Route 136 because they adopted the FY 2008/09 budget, which included the previous Council's decision in this regard. He commented that according to a July 8, 2008 memo authored by Mr. James, on July 29<sup>th</sup>, a public meeting would be conducted to announce the elimination of the route; that on July 31<sup>st</sup>, staff would notify the RPTA to eliminate the route; that a 30-day notification period would ensue; and September 2<sup>nd</sup> would be the first day that the route is eliminated.

Councilmember Kavanaugh responded that with all due respect, the Council does have the authority and the ability to take this decision in a different direction if they choose to make it a priority. He stated that this item was agendaized in such a way that the Council could certainly discuss the ramifications of budget issues and potential future action.

City Attorney Debbie Spinner advised that the agenda states: "Hear an update and discuss the 2008 Arizona Legislative Session." She noted that it does not include whether the City of Mesa would continue to eliminate bus routes based on the decisions of the Arizona Legislative Session. Ms. Spinner added that if the Council would like to revisit this matter before Route 136 is eliminated, it would be necessary to include it on the agenda for the next Council meeting.

Mr. Brady stated that if it is the direction of the Council, it would be necessary for either Mayor Smith or himself to call a Special Study Session in July to discuss the disposition of Route 136 and ultimately conduct a Special Council meeting in that regard. He commented that tonight is the Council's last Regular Council meeting until August 18<sup>th</sup>, at which time the public meeting and the notification to the RPTA to eliminate Route 136 would have occurred.

Mayor Smith suggested that it might be appropriate to let Mr. Butler complete his presentation, at which time the Council could determine how they wish to proceed with regard to the matter of Route 136.

Further discussion ensued relative to the fact that \$36 million in the State Aviation Fund was "swept" in order to assist the State in balancing its budget; that staff is currently assessing the impact to Falcon Field and Phoenix-Mesa Gateway Airports as a result of such action; that various reimbursements that Phoenix-Mesa Gateway Airport anticipated for projects already underway could be jeopardized; and that it is the opinion of staff that any grants that Phoenix-Mesa Gateway Airport anticipated receiving in FY 2008/09 will not be realized.

Acting Chief of Staff Brent Stoddard reported that the State Legislature passed a bill that would prohibit judges from suspending all but 10 days of a person's 30-day sentence for a first time

Extreme DUI (Driving Under the Influence) violation. He explained that the legislation, which mandates 30 days of incarceration for such an offense, would result in a \$1.9 million impact to Mesa in jail costs. Mr. Stoddard added that City Court and Budget staff would monitor the financial impact in this regard.

Mr. Stoddard also spoke regarding the passage of a bill that prohibits the City of Mesa from collecting sales tax revenue from motor vehicle dealers who gave tax exemptions to individuals who were later determined not to have qualified for a non-resident exemption. He explained that the bill contains a retroactive clause to August 2004, which would prevent the City from moving forward with current audits on auto dealers who gave the exemptions. Mr. Stoddard added that the potential impact to the City is estimated between \$800,000 and \$1.2 million.

Additional discussion ensued relative to the fact that the tickets issued in a Statewide Freeway Photo Enforcement Program would be processed through Justice Courts and not Municipal Courts; that \$20 million in the Statewide Transportation Needs (STAN) account would be used for interest costs in order to make it affordable for the City of Mesa to accelerate construction of the Gateway Freeway and also create additional bonding capacity to finance the freeway acceleration; that legislation was passed allowing an additional 90 days for the former Mesa General Hospital to receive an operating license from the State Department of Health Services; and the fact that the issue regarding Route 136 must be agendized properly in order for the Council to discuss the matter further.

Mr. Brady stated that based on the direction of the previous Council, staff intends to proceed with the July 29<sup>th</sup> public hearing with regard to Route 136 unless otherwise directed by the Council.

Mayor Smith stated that he is reluctant to make a decision at this time regarding Route 136 not only because of agenda and legal reasons, but also because he would like to obtain additional information and having a better understanding of "where we stand" concerning legal and budgetary issues in the process. He remarked that the Council has gone through the budgetary process and is "somewhat set with what they approved." Mayor Smith added that there is a formal procedure that the Council must follow if they were to change that process and said he would prefer to delay any action until Mr. Brady researches the matter further.

3. Hear reports on meetings and/or conferences attended.

There were no reports on meetings and/or conferences attended.

4. Scheduling of meetings and general information.

City Manager Christopher Brady stated that the meeting schedule is as follows:

Thursday, August 14, 2008, 7:30 a.m. – Study Session

5. Items from citizens present.

There were no items from citizens present.

6. Adjournment.

Without objection, the Study Session adjourned at 5:43 p.m.

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SCOTT SMITH, MAYOR

ATTEST:

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LINDA CROCKER, CITY CLERK

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Study Session of the City Council of Mesa, Arizona, held on the 8<sup>th</sup> day of July 2008. I further certify that the meeting was duly called and held and that a quorum was present.

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LINDA CROCKER, CITY CLERK

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